

## Message Text

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ACTION H-03

INFO OCT-01 EUR-08 ISO-00 SS-07 NSCE-00 AGRE-00 AID-01  
SSO-00 /020 W

-----103193 191701Z /43

O R 191543Z AUG 77

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC IMMEDIATE 9853

INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L SECTION 1 OF 2 WARSAW 5860

DEPARTMENT PLEASE PASS AGRICULTURE/FAS

MOSCOW FOR SENATOR MCGOVERN

EO 11652GDS

TAGS: US, PL, EAGR, EAID, EEWT

SUBJ: SENATOR MCGOVERN'S MEETING WITH FIRST SECRETARY GIEREK,  
11:00 AM - 12:30 PM, AUGUST 18, 1977-- POLISH GRAIN NEEDS FROM US

REF: WARSAW 5841

1. SUMMARY: GIEREK TOLD SENATOR MCGOVERN THAT POLAND WOULD NEED TO BUY A TOTAL OF 5 MILLION TONS, AND PERHAPS MORE, OF GRAIN AND FEEDSTUFFS FROM THE U.S. OVER THE NEXT TWELVE MONTHS. HE MADE A PLEA FOR EXTENDED CREDIT TERMS TO PERMIT POLAND TO MEET THE PEAK PAYMENTS IT WAS OBLIGATED TO MAKE IN 1978 AND 1979. IF IT WERE UNABLE TO GET THIS KIND OF EXPECTED CREDIT, POLAND WOULD HAVE TO BUY THE GRAIN ANYWAY, BUT WOULD HAVE TO DEFER INVESTMENT PLANS AND THE POLISH PEOPLE WOULD HAVE TO "TIGHTEN OUR BELTS." SENATOR MCGOVERN SAID HE WAS VERY SYMPATHETIC TO DOING WHAT WE COULD TO HELP POLAND WITHIN THE FRAMEWORK OF OUR LAWS AND WOULD TALK WITH HQHE PRESIDENT AND SECRETARIES VANCE AND BERGLAND ALONG THESE LINES. END SUMMARY.

2. SENATOR MCGOVERN SAID THAT THE VISITS TO POLAND OF  
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PRESIDENT NIXON AND FORD AND GIEREK'S OWN TO THE UNITED STATES HAD BEEN TREMENDOUSLY SUCCESSFUL. DURING HIS VISIT TO THE U.S., THE FIRST SECRETARY HAD WON A GREAT MANY FRIENDS FOR POLAND.

3. GIEREK SAID THAT IT WAS VERY  
TCE TO HEAR THAT FROM

SO IMPORTANT A STATESMAN AS THE SENATOR. THE POLES KNOW THE SENATOR FOR HIS POLITICAL POSITIONS AND AS A FRIEND OF POLAND. POLISH-AMERICAN FRIENDSHIP DERIVED NOT ONLY FROM HISTORY, BUT ALSO FROM CURRENT DEVELOPMENTS. IT COULD BE SAID THAT OUR RELATIONS ARE BETTER THAN THEY HAD EVER BEEN IN THE PAST; OF

COURSE THERE ARE SOME NUANCES. OUR ECONOMIC RELATIONS ARE DEVELOPING VERY WELL. HE BELIEVED THAT THE FIGURES WE HAVE ADOPTED (EMBASSY NOTE: TWO BILLION DOLLARS IN TRADE BOTH WAYS BY 1980) WOULD BE ACHIEVED. THE POLISH INTEREST IN DEVELOPING RELATIONS WITH THE U.S. IS WELL-KNOWN.

4. POLAND IS DEVELOPING FAST, GIEREK SAID. THIS IS TAKING PLACE NOT WITHOUT DIFFICULTIES. WHAT SOME COUNTRIES IN EUROPE WERE ABLE TO DO DURING THE NINETEENTH CENTURY, WE HAVE HAD TO DO ONLY IN THE SECOND HALF OF THE TWENTIETH CENTURY. IT IS HARD FOR AMERICANS TO REALIZE THAT, IN THE MIDDLE OF EUROPE, THERE COULD BE A COUNTRY WHERE, FOR EXAMPLE, AGRICULTURE COULD BE PURSUED ON SUCH FRAGMENTED HOLDINGS. WE WILL FOLLOW OUR SOCIALIST PATH, BUT THAT DOESN'T MEAN THAT WE'LL REDUCE PRIVATE OWNERSHIP OR INITIATIVE. WE WANT TO CREATE LARGER PRIVATE FARMS AND THIS IS HAPPENING SLOWLY. WE WANT TO CREATE A MODERN INDUSTRY AND INCULCATE HABITS

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OF GOOD INDUSTRIAL WORK. WE HAVE ABOUT TWELVE MILLION PEOPLE WORKING IN ALL FIELDS, EXCLUSIVE OF AGRICULTURE. WE ARE USING WESTERN TECHNOLOGY IN MANY FIELDS. WE HAVE TO MAKE FULL USE OF WHAT HAS BEEN BUILT. WE HAVE IMPORTED A LOT OF WESTERN TECHNOLOGY ON CREDIT. WE HAVE PERHAPS BORROWED MORE ABROAD THAN WE SHOULD HAVE. BUT, IF WE HADN'T, WE WOULD HAVE HAD OTHER PROBLEMS. THE PROBLEM OF HOUSING IS STILL A DIFFICULT ONE. WE'RE TRYING TO PROVIDE EACH POLISH FAMILY WITH ITS OWN APARTMENT. WE SHOULD BUILD 2.3 TO 2.5 MILLION FLATS IN EACH OF THE FIVE YEARS OF THE NEW PLAN. WE MUST DO THIS. WE ARE ONE OF THE YOUNGER NATIONS. YOUNG PEOPLE GET MARRIED. EACH NEW COUPLE MUST HAVE ITS OWN FLAT. ALL THIS REQUIRED A LOT OF EFFORT.

5. THERE ARE SOME TEMPORARY TROUBLES, GIEREK WENT ON. FOR THREE YEARS, WE HAD DROUGHT. THIS YEAR, WE HAVE TOO MUCH RAIN. WE'LL SURVIVE, BUT WE HAVE TO FIND SOME SOLUTIONS. (POINTING TO HIS TOTALLY WHITE HAIR, GIEREK LAUGHED AND SAID, "AS YOU SEE, I CAN'T GET ANY GRAYER, SO THESE WORRIES WON'T RESULT IN ANY FURTHER DAMAGE TO MY APPEARANCE.")

6. GIEREK SAID THAT SENATOR MCGOVERN WAS A MEMBER OF THE AGRICULTURE COMMITTEE OF THE SENATE. "I WANT TO ASK YOU TO TAKE POLAND INTO ACCOUNT. IF IT WERE POSSIBLE TO BUY MORE GRAIN IN THE U.S. IN CREDIT, WITH SOME MORATORIUM ON PAYMENT, WE'D BE DEEPLY GRATEFUL. I'M TURNING TO YOU, I AM SURE YOU WILL BE TALKING WITH PRESIDENT CARTER. OUR RELATIONS WITH PRESIDENT CARTER'S ADMINISTRATION ARE GOOD. IT'S TRUE THAT WE DO NOT KNOW EACH OTHER YET. I HOPE TO GET TO KNOW HIM SOME DAY. IF SOMETHING CAN BE DONE ABOUT CREDIT FOR GRAIN, IT WOULD GIVE US A BREATHING SPACE AND WOULD BE A SPLENDID CONTINUATION OF OUR RELATIONSHIP. POLAND HAS ALWAYS BEEN A GOOD CUSTOMER FOR U.S. FARM PRODUCTS AND A METICULOUS CONFIDENTIAL

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PAYER."

7. SENATOR MCGOVERN SAID HE APPRECIATED THE PRESENTATION THE FIRST SECRETARY HAD MADE. THE HAD BEEN PL-480 COORDINATOR UNDER PRESIDENT KENNEDY. HE THEREFORE KNEW THE HISTORY OF THE PL-480 AGREEMENTS WITH POLAND. HE KNOWS, TO, ABOUT COMMERCIAL GRAIN TRANSACTIONS. IN THE U.S., WE HAD GOOD CROPS IN 1975 AND 1976, WGD THE 1977 CROPS SHOULD BE GOOD, TOO. WE SHOULD, THEREFORE, HAVE SUBSTANTIAL RESERVES OF GRAIN: WHEAT, CORN, SOY BEANS, AND OTHERS. FIRST AND FOREMOST, WE ARE INTERESTED IN MAKING COMMERCIAL SALES. AT THE SAME TIME, WE HAVE BALANCE-OF-PAYMENT DIFFICULTIES, AS A RESULT OF THE RISE

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TO SECSTATE WASHDC IMMEDIATE 9854  
INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L SECTION 2 OF 2 WARSAW 5860

DEPARTMENT PLEASE PAS AGRICULTURE/FAS

MOSCOW FOR SENATOR MCGOVERN

IN OIL PRICES, AND OUR GRAIN AND OTHER AGRICULTURAL EXPORTS HELP KEEP OUR PAYMENTS FROM GETTING EVEN FURTHER OUT OF BALANCE. PERSONALLY, THE SENATOR SAID, HE WAS VERY SYMPATHETIC TO DOING WHAT HE COULD TO MAKE GRAIN AVAILABLE TO POLAND ON THE MOST FAVORABLE POSSIBLE CREDIT TERMS CONSISTENT WITH U.S. LAW. HE WOULD MAKE A REPORT TO PRESIDENT CARTER, SECRETARY VANCE, AND SECRETARY BERGLAND. PERSONALLY, HE THOUGHT IT WAS IN THE U.S. INTEREST TO MAKE AGRICULTURAL EXPORTS AVAILABLE TO POLAND ON A LARGER SCALE. THE ONLY QUESTION WAS WHAT WE COULD DO WITHIN THE FRAMEWORK OF OUR LAWS. SO FAR AS HE COULD, HE WOULD MAKE THE CASE AS BEST HE COULD FOR FAVORABLE CREDIT TERMS. THE SENATOR ASKED WHAT VOLUME OF IMPORTS GIEREK HAD IN MIND AND WHAT KIND OF CREDIT TERMS HE WAS THINKING ABOUT.

8. GIEREK SAID HE HAD FOUR-TO FIVE MILLION TONS IN MIND. HE ANTICIPATED THAT THE LOSSES OF GRAIN DUE TO THE CURRENT FOUL WEATHER AND FLOODING WOULD AMOUNT TO ABOUT TWO-AND-ONE-HALF MILLION TONS. AS YET, HE DIDN'T KNOW ABOUT THE POTATO CROP. NORMALLY, POLAND PRODUCED ABOUT  
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50 MILLION TONS OF POTATOES. HE FEARED THAT THE RAINS HAVE AFFECTED THE POTATO CROP. MOREOVER, HE DID NOT YET KNOW WHAT THE SUGAR-BEET CROP WOULD BE LIKE. THIS WAS NOT JUST A QUESTION OF SUGAR, BUT ALSO OF FODDER FOR ANIMALS. THE SAME WAS TRUE OF POTATOES, WHICH WERE USED NOT ONLY FOR HUMAN FOOD, BUT ALSO TO FEED THE PIGS AND PRODUCE THE HIGH-QUALITY POLISH HAM WHICH HAD SUCH A GOOD REPUTATION IN THE WORLD. SO, WITH REGARD TO THE QUESTION OF THE QUANTITY OF GRAIN HE HAD IN MIND, IT WOULD BE ABOUT 5 MILLION TONS, BUT PERHAPS EVEN MORE.

9. IN ANSWER TO A QUESTION BY SENATOR MCGOVERN ABOUT THE PERIOD COVERED BY THIS FIGURE, GIEREK SAID IT WAS THE NEXT TWELVE MONTHS. THE SENATOR SAID HE EXPECTED HE WOULD BE ASKED QUESTIONS BY THE PRESS ABOUT HIS DISCUSSIONS HERE IN WARSAW. WAS IT PERMISSIBLE TO TALK ABOUT THESE FIGURES WITH THE PRESS? GIEREK SAID, "OF COURSE. WE TALK OPENLY ABOUT IT" (A REFERENCE TO JAROSZEWICZ'S SPEECH TO THE SEJM OF JUNE 30). THE SENATOR ASKED WHETHER THE POLES WISHED TO OBTAIN ALL

FIVE MILLION TONS FROM THE U.S. GIEREK SAID, "YES, FROM THE U.S." THE SENATOR ASKED WHETHER, IF THE SUGAR-BEET CROP WERE BAD, THERE WOULD BE A NEED TO IMPORT SUGAR AS WELL. GIEREK SAID THAT, EVEN ON THE WORST ASSUMPTIONS ABOUT THE SUGAR-BEET CROP, THERE WOULD BE NO NEED TO IMPORT SUGAR; THE EFFECT WOULD RATHER BE ON THE SUPPLY OF FODDER.

10. GIEREK SAID IT WOULD BE GOOD IF POLAND COULD HAVE A CREDIT SPANNING SEVERAL YEARS, WHICH WOULD GIVE THEM A DELAY IN PAYMENT. 1978 AND 1979, ARE OF DECISIVE IMPORTANCE FOR POLAND'S DEVELOPMENT. IN THOSE YEARS, A NUMBER OF IMPORTANT INVESTMENT PROJECTS WOULD BE COM-  
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PLETED. AT THE SAME TIME, A NUMBER OF PAYMENTS MUST BE MADE IN THE NEXT TWO-AND-ONE-HALF YEARS. AFTER 1979, THE BURDEN OF PAYMENTS WOULD DECLINE. POLAND WOULD BUY THE GRAIN IN ANY CASE, BUT, IF IT WERE UNABLE TO OBTAIN THE CREDITS IT SOUGHT, WOULD HAVE TO DEFER SOME INVESTMENTS. "WE'D HAVE TO TIGHTEN OUR BELTS," HE SAID. IN TURN, THAT WOULD DELAY POLAND'S DEVELOPMENT FOR A PERIOD OF TWO-TO-THREE YEARS.

DAVIES

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